

Central Bureau for Educational Visits & Exchanges (CBEVE) Pension Scheme Implementation Statement for the year ended 31 March 2025

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Central Bureau for Educational Visits & Exchanges (CBEVE) Pension Scheme ("the Scheme") followed their policy in relation to the exercising of rights attached to the Scheme's investments, and engagement activities during the year ended 31 March 2025 ("the reporting year").

Background

The Scheme's Statement of Investment Principles ("SIP") was updated in January 2025 to reflect strategic decisions made by Trustees in relation to the Scheme's investment portfolio, and the Trustees' policy on engagement was updated.

The Trustees' policy

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's Investment Managers. The Trustees require the Scheme's Investment Managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights attached to the Scheme's investments to the Investment Managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Trustees may periodically meet with the Investment Managers to discuss engagement which has taken place. The Trustees also expect their Investment Adviser to engage with the managers from time to time as needed and report back to the Trustees on the stewardship credentials of their managers. The Trustees will then discuss the findings with their Investment Adviser, in the context of their own preferences, where relevant. This will include considering whether the manager is a signatory to the UK Stewardship Code. The Trustees recognise the Code as an indication of a manager's compliance with best practice stewardship standards.

Manager selection exercises

One of the main ways in which this policy is expressed is via manager selection exercises: the Trustees from time to time seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future Investment Manager selection exercises.

During the reporting year, the Trustees introduced a number of LGIM corporate bond and gilts funds to the portfolio with the aim of protecting the funding gains made in recent years. The Trustees also invested in a cash fund at LGIM. Each fund was recommended by XPS using various criteria. One of the criteria was that the Investment Manager had to have a credible ESG capability, with decisions linked to that capability applied to the fund to an acceptable degree.

Ongoing governance

The Trustees, with assistance of XPS, monitor the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. Furthermore, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the engagement activity conducted annually.

The Trustees note that a review of the ESG capabilities of the existing funds was not undertaken over the year. However, the Trustees considered ESG as part of the strategy changes over the year, and ESG formed part of the buy-in selection criteria, which represented a transfer of a significant proportion of the Scheme's assets. Whilst the ongoing ESG ratings report was not completed over the year, the Trustees are therefore comfortable that there was a reasonable level of ESG governance applied to the Scheme's assets over the period.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees were satisfied that they followed their policy on the exercise of rights and engagement activities to an acceptable degree.

Voting activity

The main asset class where the Investment Managers have the ability to engage with voting rights is equities, as it represents the equity ownership and shareholder's stake within the underlying business. This can include equity funds and multi-asset funds which invest in equities. There are typically no voting rights for credit-based assets or funds that invest into them. The Scheme does not have any exposure to equities; therefore, no voting data is provided.

Signed: Rosemary Kennell, Chair of Trustee Board

Date: 23 June 2025